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Message Text

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63
ACTION ARA-20

INFO OCT-01 ISO-00 FEA-02 AEC-11 AID-20 CEA-02 CIAE-00

CIEP-03 COME-00 DODE-00 EB-11 FPC-01 H-03 INR-11

INT-08 L-03 NSAE-00 NSC-07 OMB-01 PM-07 RSC-01 SAM-01

SCI-06 SP-03 SS-20 STR-08 TRSE-00 FRB-03 IGA-02 PA-04

PRS-01 USIE-00 SSO-00 INRE-00 DRC-01 /161 W
---------- 032500
O P 262350Z SEP 74
FM AMEMBASSY QUITO
TO SECSTATE WASHDC IMMEDIATE 2616
INFO AMCONSUL GUAYAQUIL PRIORITY

C O N F I D E N T I A L QUITO 6372

E.O. 11652: GDS
TAGS: PGOV, ENRG, EINV, EC
SUBJECT: ADA CASE: DISCUSSION WITH SUBSECRETARY VALDEZ

REF: A) STATE 210492 B) STATE 211245 C) QUITO 6304

1. I MET SEPTEMBER 26 AT 5:00 P.M. WITH FONMIN SUBSECRETARY VALDEZ. SINCE I HAD PREVIOUSLY INFORMED HIM OF THE PURPOSE OF MY CALL, I WENT DIRECTLY TO THE SUBJECT AND MADE THE POINTS IN PARAGRAPH 7A THROUGH C IN DEPARTMENT'S INSTRUCTION (REF A) MINUS THE DELETION AUTHORIZED (REF B). AT THE CONCLUSION I MADE SOME PERSONAL COMMENTS TO REINFORCE THE DESIR-ABILITY OF BRINGING THIS MATTER TO PROMPT RESOLUTION ALONG THE LINES JUST PREVIOUSLY DISCUSSED.

2. VALDEZ REPLIED HE CONCURRED THAT COMPENSATION SHOULD PRE-CEDE THE AWARD OF THE NEW BID. HE ASKED ME WHERE THE MATTER NOW STOOD. I SAID THAT I UNDERSTOOD AT THE MEETING OF THE COMMISSION WITH ADA REPRESENTATIVES ON SEPTEMBER 5 MINISTER OF NATURAL RESOURCES JARRIN (PRESIDING) DECIDED TO APPOINT TWO SUB-COMMISSIONS, ONE FOR AUDIT AND THE OTHER FOR LEGAL PURPOSES.
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UNFORTUNATELY, IT WAS MY UNDERSTANDING THAT THE MINISTER HAD NOT

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BEEN ABLE TO SIGN THE NECESSARY DIRECTIVES TO ESTABLISH THE SUB-COMMISSIONS BEFORE LEAVING FOR THE VIENNA OPEC MEETING, AND SINCE HIS RETURN ON SEPTEMBER 20, ONLY ONE SUB-COMMISSION, NAMELY THE LEGAL ONE, HAD BEEN APPOINTED AND IT HAD NOT YET MET.

3. VALDEZ SAID HE WOULD GET IN TOUCH WITH JARRIN "TO SEE IF WE CAN NOT GET THIS THING GOING" AND STATED HE WOULD INFORM THE FOREIGN MINISTER (WHO IS A MEMBER OF THE COMMISSION) OF OUR CONCERNS. HE REITERATED HIS CONCURRENCE THAT COMPENSATION SHOULD PRECEDE THE AWARD OF THE BID.

4. AT ONE POINT IN OUR CONVERSATION I TOUCHED ON ADA'S MISGIV-INGS ABOUT THE GOE'S INTENTIONS RE COMPENSATION. I SAID INTER ALIA THAT THE COMMISSION'S LETTER TO ADA HAD SPOKEN OF THE COMMISSION'S BEING ESTABLISHED "TO DECIDE WHETHER TO PAY OR NOT", AND THAT THIS LACK OF A CLEAR STATEMENT HEIGHTENED ADA'S CON-CERNS AND MADE MORE NECESSARY SOME PROMPT, CONCRETE MOVES TO-WARD COMPENSATION.

5. PARENTHETICALLY, VALDEZ ASKED ME WHY ADA HAD NOT ENTERED THE BIDDING. I REPLIED THAT I DID NOT KNOW. WHEN I HAD DIS-CUSSED THIS WITH THE ADA REPRESENTATIVES ON SEPTEMBER 6 THEY HAD NOT YET DECIDED WHETHER TO ENTER THE BIDDING. AFTER THEY RETURNED TO THE U.S., I HAD BEEN INFORMED THAT ADA HAD DECIDED NOT TO BID. ALTHOUGH I DID NOT KNOW ADA'S EXACT REA-SONS FOR NOT BIDDING, I COULD SPECULATE THAT THEIR EXPERIENCES IN THE RECENT TWO YEARS IN ECUADOR TOGETHER WITH THE POSSI-BILITY OF COMPROMISING THEIR CLAIM SHOULD THEY ENTER THE BIDDING AND NOT WIN IT WERE VERY PROBABLY FACTORS.

6. AT THE CONCLUSION OF OUR DISCUSSION ON THIS SUBJECT: VALDEZ SAID HE WOULD BE IN TOUCH WITH ME AFTER HE HAD HAD AN OPPORTUNITY TO PURSUE THE MATTER WITH THE MINISTER OF NATURAL RESOURCES. BREWSTER

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